


### Atlas Copco Group



Atlas Copco Capital Markets Day, December 1, 2010  
Hans Ola Meyer, CFO

*Sustainable Productivity*




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### Income statement

January – September

MSEK	Jan-Sep 2010		Jan-Sep 2009	
Orders received	55 804		43 175	
Revenues	50 474		47 820	
Cost of goods sold	-31 475		-32 038	
<b>Gross profit</b>	<b>18 999</b>	<b>37.6%</b>	<b>15 782</b>	<b>33.0%</b>
Marketing expenses	-5 076	-10.1%	-5 182	-10.8%
Administration expenses	-2 965	-5.9%	-2 882	-6.0%
Research and development costs	-1 094	-2.2%	-1 037	-2.2%
Other income and expense from operations	44		-41	
<b>Operating profit</b>	<b>9 908</b>	<b>19.6%</b>	<b>6 640</b>	<b>13.9%</b>
Net financial items	-333	-0.7%	-693	-1.4%
<b>Profit before tax</b>	<b>9 575</b>	<b>19.0%</b>	<b>5 947</b>	<b>12.4%</b>
Income tax expenses	-2 547		-1 371	
<b>Profit for the period</b>	<b>7 028</b>	<b>13.9%</b>	<b>4 576</b>	<b>9.6%</b>
- attributable to equity holders of the parent	7 015		4 554	
- attributable to minority interest	13		22	
<b>Basic earnings per share, SEK</b>	<b>5.77</b>		<b>3.75</b>	




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### Profit bridge

January – September

MSEK	Jan-Sep 2010	Organic Growth Price/Volume	Currency	One-time Items Acq./Div.	Jan-Sep 2009
<b>Atlas Copco Group</b>					
Revenues	50 474	3 642	-1 750	762	47 820
EBIT	9 908	2 884	-75	459	6 640
%	19.6%	79%	-	-	13.9%




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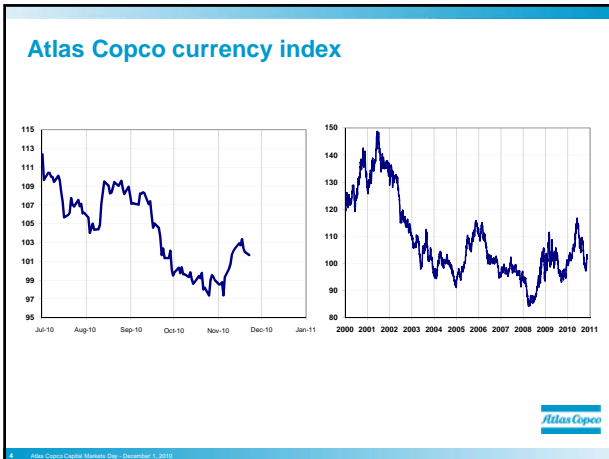
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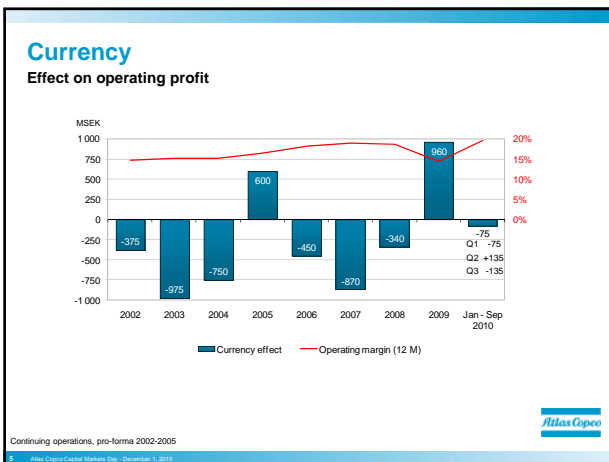
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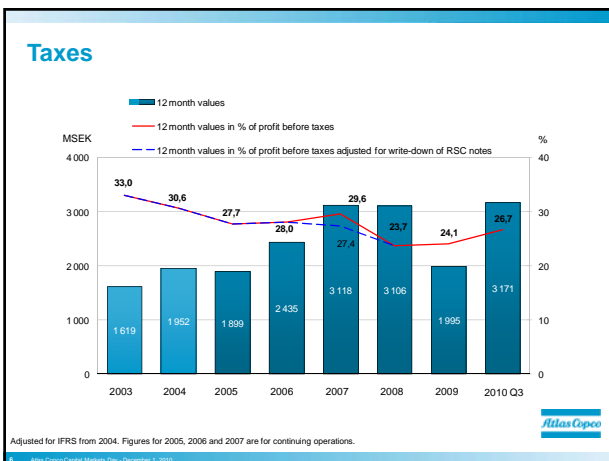
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### Balance sheet

MSEK	Sep 30, 2010		Dec 31, 2009		Sep 30, 2009	
Intangible assets	13 539	20%	12 697	19%	12 593	19%
Rental equipment	1 867	3%	2 056	3%	2 048	3%
Other property, plant and equipment	5 702	8%	5 993	9%	6 046	9%
Other fixed assets	4 452	7%	6 556	10%	6 060	9%
Inventories	12 287	18%	11 377	17%	12 623	19%
Receivables	16 575	25%	15 433	23%	15 883	24%
Current financial assets	1 554	2%	1 530	2%	1 598	2%
Cash and cash equivalents	11 388	17%	12 165	18%	10 005	15%
Assets classified as held for sale	64	0%	67	0%	35	0%
<b>TOTAL ASSETS</b>	<b>67 428</b>		<b>67 874</b>		<b>66 891</b>	
Total equity	26 124	39%	25 671	38%	23 404	35%
Interest-bearing liabilities	21 913	32%	25 735	38%	27 498	41%
Non-interest-bearing liabilities	19 391	29%	16 468	24%	15 989	24%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>67 428</b>		<b>67 874</b>		<b>66 891</b>	

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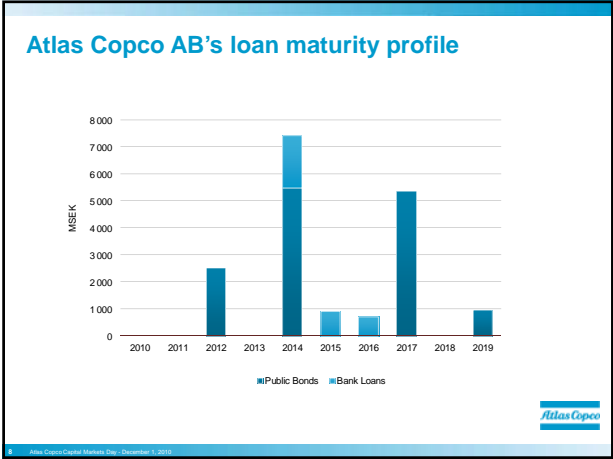
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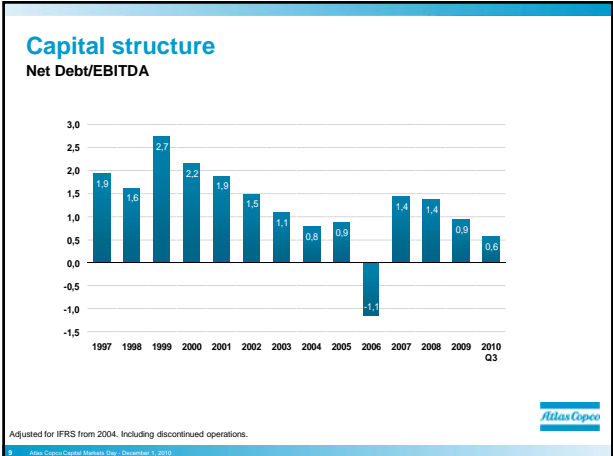
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### Cash flow

MSEK	July - September		January - September	
	2010	2009	2010	2009
Operating cash surplus after tax	3 739	2 360	9 886	5 383
of which depreciation added back	639	661	1 834	1 840
Change in working capital	-1 035	2 032	-1 087	5 118
Increase in rental equipment, net	-92	-35	-274	-140
<b>Cash flows from operating activities</b>	<b>2 612</b>	<b>4 357</b>	<b>8 525</b>	<b>10 361</b>
Investments of property, plant & eq.	-274	-217	-644	-788
Sale of property, plant & eq.	14	29	37	67
Other investments, net	127	106	-369	-22
Cash flow from investments	-133	-82	-976	-743
<b>Operating cash flow</b>	<b>2 479</b>	<b>4 275</b>	<b>7 549</b>	<b>9 618</b>
Company acquisitions/ divestments	-282	-10	-1 668	-165

Operating cash surplus after tax is adjusted for equity hedges in net financial items.



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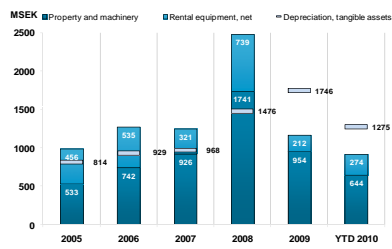
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### Capital expenditures and depreciation

Tangible fixed assets, continuing operations



YTD 2010 until September



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### Planning and follow up in Atlas Copco



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### One Group ~ 400 operational entities

The Group	Local companies
One Group	~400 operational entities with full responsibility for P&L and working capital
Benefits of a large Group	Agility of a small organization
Global presence Economies of scale Standardized products and processes Efficient production and logistics	Local presence Aftermarket performance Application knowledge Focused product development
Operational excellence	Innovation



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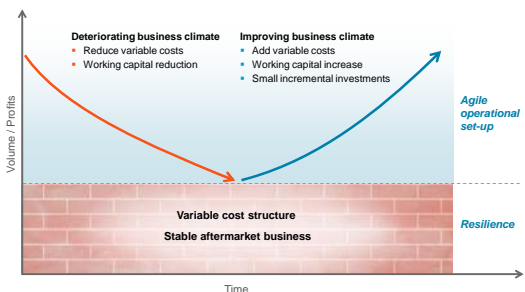
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### Our business model – agile and resilient



**Deteriorating business climate**

- Reduce variable costs
- Working capital reduction

**Improving business climate**

- Add variable costs
- Working capital increase
- Small incremental investments

Volume / Profits

Time

Variable cost structure  
Stable aftermarket business

Agile operational set-up

Resilience

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### The planning process – a short background

- In 1997, the traditional budget process was buried
  - Time and cost-consuming
  - Base assumptions “never right”
  - A year is too short, long-term budget is never right
- We wanted a continuous planning and follow-up based on “best practice” ambitions
  - Focus on activities instead of numbers
  - Increase transparency
  - Read trends instead of single numbers

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**The planning process**

- 3-year horizon
- A formal strategic management process where goals and targets are set, activity plans and actions are described, evaluated and analyzed financially
- Translates the strategy into actions
- Forces a continuous planning and follow-up and also presents a greater flexibility
- Focus is on managing the business instead of calculation exercises




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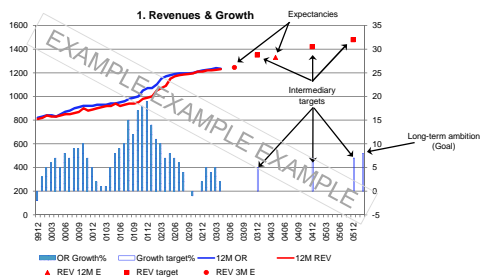
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**The planning process**

Scorecards – a graphical presentation of the planning process




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**Committed to sustainable productivity.**




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